REMARKS

This communication responds to the Office Action dated February 1, 2010. No claims are amended, canceled, or added. As a result, claims 1-27 remain pending in this application.

The Rejection of Claims Under § 103

Claims 1, 3-19, and 26-27 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Nahan et al. (U.S. Patent No. 5,664,111, hereinafter; "Nahan") in view of Stack (U.S. Patent No. 6,076,070) and Examiner's Official Notice.[1]

Claim 2 and 21-25 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Nahan in view of Stack and Examiner's Official Notice as applied to claim 1 above, and further in view of Woolston (U.S. Patent No. 6,202,051).[2]

Claim 20 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Nahan in view of Stack and Examiner's Official Notice as applied to claim 1 above, and further in view of Reuhl et al. (U.S. Patent No. 5,873,069, hereinafter; "Reuhl").[3]

REMARKS

As pointed out in the response filed on October 28 2009, every independent claim recites the limitation "the sale price derived independent of a sale price suggested by the seller." This limitation is not shown by any of the cited patents singular or in any combination. The Office Action states that this limitation is taught by the prior art as follows:

> The Examiner takes Official Notice that it is old and well known in the selling arts to derive a sales price that is independent of a price suggested by a seller (e.g. hiring another party to facilitate the sales of goods: example 1:liquidation of goods (i.e., a company going out of business hires individuals to sell goods at prices that are not determined by the

[1] Office Action at 3.
[2] Office Action at 8.
[3] Office Action at 9.

> company) and example 2: selling of stocks (e.g. broker does not consult consumer).[4]

Applicants respectfully disagree.

The Applicable Law

Applicants respectfully submit that the rejection of claim 1 (as well as the rejection of the other independent claims) under 35 U.S.C. § 103(a) is improper because the prior art, when combined, fail to establish a prima facie case of obviousness.

As discussed in *KSR International Co. v. Teleflex Inc. et al.*[5] (U.S. 2007), the determination of obviousness under 35 U.S.C. § 103 is a legal conclusion based on factual evidence.[6] The legal conclusion, that a claim is obvious within 35 U.S.C. § 103(a), depends on at least four underlying factual issues set forth in *Graham v. John Deere Co. of Kansas City*[7]: (1) the scope and content of the prior art; (2) differences between the prior art and the claims at issue; (3) the level of ordinary skill in the pertinent art; and (4) evaluation of any relevant secondary considerations. Therefore, the test for obviousness under 35 U.S.C. § 103 must take into consideration the invention as a whole.[8] The Examiner must, as one of the inquiries pertinent to any obviousness inquiry under 35 U.S.C. § 103, recognize and consider not only the similarities but also <u>the critical differences</u> between the claimed invention and the prior art.[9] Further, KSR provides a tripartite test to evaluate obviousness. The rationale to support a conclusion that a claim would have been obvious is that ***all the claimed elements were known in the prior art*** and one skilled in the art could have combined the elements as claimed by known methods ***<u>with no change in their respective functions</u>***, and the combination would have yielded nothing more than predictable results to one of ordinary skill in the art.[10] (Emphasis added.)

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[4] Office Action at 7. (Emphasis added).
[5] 127 S.Ct. 1727, 82 USPQ2d 1385 (2007).
[6] *See Princeton Biochemicals, Inc. v. Beckman Coulter, Inc.*, 7, 1336-37 (Fed. Cir. 2005).
[7] 383 U.S. 1, 17 (1966).
[8] See *In re Bond*, 910 F.2d 831, 834, 15 USPQ2d 1566, 1568 (Fed. Cir. 1990), reh'g denied, 1990 U.S. App. LEXIS 19971 (Fed. Cir.1990).
[9] See MPEP 2141.02 I, citing, *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983); *Schenck v. Nortron Corp.*, 713 F.2d 782, 218 USPQ 698 (Fed. Cir. 1983) .
[10] See *KSR International Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 U.S.P.Q.2d 1385 (2007)). Emphasis added.

> First, even if Examiner's Official Notice is correct, which Applicants do not concede, the **function** of (1) the liquidation of goods and of (2) the sale of stock cited by the Office Action would have to be changed in order to meet the limitations of the claims, contrary to the above tripartite test of KSR. This is because each independent claim recites a limitation directed to "the sale price derived, independent of a sale price suggested by the seller, by a predetermined method using as input the received vendor's price for the comparable good." (Emphasis added)

The function of neither liquidation of goods nor sale of stock uses as input the received vendor's price for comparable goods, and therefore to combine the examples of the Examiner's Official Notice, as the Office Action asserts, would require the function of the liquidation of goods and of the sale of stock to be changed so that the price is derived using as input the received vendor's price for comparable goods. Applicants assert that this is seen from the two examples next below.

Liquidation of Goods

The Office Action's first example is the liquidation of goods such as when going out of business. In such a liquidation, the sale price is not derived using as input the received vendor's price for the comparable good. In a liquidation, the seller gets the best price a buyer will offer. So the function of liquidation would have to be changed to meet the claims, which is contrary to KSR.

Selling of Stock

The Office Action's second example is the selling of stock. Again, in selling stock the sale price is not derived using as input the received **vendor's** price for the comparable good. Wikipedia defines share price determination as follows:

> ### Share price determination
>
> At any given moment, an equity's price is strictly a result of supply and demand. The supply is the number of shares offered for sale at any one moment. The demand is the number of shares investors wish to buy at exactly that same time. The price of the stock moves in order to achieve and maintain equilibrium.

> When prospective buyers outnumber sellers, the price rises. Eventually, sellers attracted to the high selling price enter the market and/or buyers leave, achieving equilibrium between buyers and sellers. When sellers outnumber buyers, the price falls. Eventually buyers enter and/or sellers leave, again achieving equilibrium.
>
> **Thus, the value of a share of a company at any given moment is determined by all investors voting with their money.** If more investors want a stock and are willing to pay more, the price will go up. If more investors are selling a stock and there aren't enough buyers, the price will go down.

So the share price in selling stock is not derived using as input the received **vendor's** price for the comparable good as recited by the claims. It is derived, as stated above, by a vote of all investors. Therefore to meet the limitations of the claims, the function of selling stock would have to be changed to make the price be derived using as input the received vendor's price for the comparable good, which is contrary to KSR.

In addition, for the case of claim 16, there is a second limitation not practiced by either of example (1) or (2) above. That is "receiving via the communications network, a set of third party's prices for comparable goods." There is no set of third party prices received in either liquidation of goods or sale of stock. So for claim 16 the function of the above two examples would have to be changed enable them to received a set of third party prices which, again, is contrary to KSR.

Second, the Office Action is contrary to MPEP 2141 Guidelines For Determining Obviousness Under 35 U.S.C. 103 which require the Examiner to provide an appropriate supporting **rationale** in view of KSR. However, all that is stated in the Office Action is that:

> It would have been obvious to one of ordinary skill in the art at the time of the invention was made to modify the teachings of Nahan and Stack's sales price threshold set by the seller to instead include the sale price derived, independent of a sale price

> suggested by the seller as taught by the Examiner's Official Notice.[11]

The above quotation in the Office Action is a restatement of 35 U.S.C. ??? with no supporting rationale. It amounts to what the Board of Patent Appeals and Interferences has termed a "*per se rule of unpatentability*" in *Ex parte William J. Gibson, Jr.*, appeal 2008-002819, decided September 30, 2009. That decision states at pages 7-8:

> The use of per se rules, while undoubtedly less laborious than a searching comparison of the claimed invention—including all its limitations—with the teachings of prior art, flouts Section 103 and the fundamental case law applying it. Per se rules that eliminate the need for fact-specific analysis of claims and prior art may be administratively convenient for PTO Examiners and the Board. Indeed, they have been sanctioned by the Board as well. But reliance on per se rules of obviousness is legally incorrect and must cease. Any such administrative convenience is simply inconsistent with Section 103, which, according to Graham and its progeny, entitles an applicant to issuance of an otherwise proper patent unless the PTO establishes that the invention as claimed is obvious over the cited prior art, based on the specific comparison of that prior art with the claim limitations. We once again hold today that our precedents do not establish any rules of obviousness, just as those precedents themselves expressly declined to create such rules. *In re Ochiai*, 71 F.3d 1565, 1572 (Fed. Cir. 1995)," (Emphasis added)

Therefore Applicants take the position that the Examiner's Official Notice, without more, cannot support a rejection under 35 U.S.C. 103.

<u>Third</u>, if the Examiner persists in applying the above Official Notice in an obviousness rejection, Applicants respectfully traverse this Official Notice and requests the Examiner to please provide a reference that describes such element and that their function includes deriving the price of the good <u>using as input the received **vendor's** price for the comparable good</u>, as

[11] Office Action at 7.

claimed. Absent a reference, it appears that the Examiner is using personal knowledge, so the Examiner is respectfully requested to submit an affidavit as required by 37 C.F.R. § 1.104(d)(2).

For all reasons set forth above, Applicants assert that independent claims 1, 16, 18, 21, and 25 are allowable. Further, since claims 2-15, 17, 19, 20, 22-24, 26, and 27 depend from claims 1, 16, 18, 21, and 25, claims 2-15, 17, 19, 20, 22-24, 26, ad 27 are allowable for at least the same reasons as those provided for their respective base claim. Furthermore, these dependent claims each may contain additional patentable subject matter. Applicants request that the rejections be withdrawn and the application be passed to issue.

CONCLUSION

Applicants respectfully submit that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone the undersigned at (530) 889-2402 to facilitate prosecution of this application.

If necessary, please charge any additional fees or deficiencies, or credit any overpayments to Deposit Account No. 19-0743.

Respectfully submitted,

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Date 28 April 2010

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CERTIFICATE UNDER 37 CFR 1.8: The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on this 28th day of April, 2010.

Chris Bartl
Name

/C. Bartl/
Signature